ANNUAL REPORT 2003–04

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MESSAGE FROM THE CHAIR AND CEO TO THE MINISTER

Dear Minister Bond,

On behalf of the board and staff of the Industry Training Authority (ITA), we are pleased to present our organization's first annual report. Fiscal 2003-04 saw a number of definitive steps aimed at bringing about significant and urgently needed changes in British Columbia's industry training system – not least of which was the establishment of this organization.

This report is a brief one, inasmuch as the ITA was only operational for the period from January 2 to March 31, 2004. We are nevertheless confident that significant progress was made during 2003-04, and that we have laid a solid foundation for the achievement of our goals and associated performance measures in the years ahead.

In brief, those goals relate to the effectiveness of the training system; to the quality of the training provided; and to the responsiveness, efficiency and accountability that characterize our management processes.

During 2003-04 we focused on: staffing and infrastructure development; stakeholder outreach and profile-development; ensuring a smooth transition of responsibilities from the Ministry of Advanced Education to the ITA; responding to the most immediate credentials-related needs on the part of industry; and policy and bylaw development.

We have begun fiscal 2004-05 nearly fully staffed; with a highly functional office location and infrastructure; province-wide service delivery capacities through our contract with Service B.C. – Government Agents; expanding relationships with key client, supplier and stakeholder groups; and a capacity to begin delivering tangible and significant results relating to training programs and credentials.

We look forward to the pivotal role our organization will play in bringing about improved industry training outcomes in B.C., and to the challenges and opportunities ahead.

Sincerely,

BEV BRISCOE, CHAIR

BRIAN CLEWES, CEO

ORGANIZATIONAL OVERVIEW

MANDATE AND ACTIVITIES

The ITA is mandated to govern, expand and improve B.C.'s industry training system. The authority works to create greater flexibility and accountability within the system, to better align training outcomes with labour-market opportunities, and to meet B.C.'s skilled training needs now and in the future.

More specifically, the ITA's mandate includes the following powers and responsibilities, as set out in its enabling legislation, the *Industry Training Authority Act*:

- designate training programs as recognized programs;
- recommend accredited programs to the minister;
- develop standards for recognized and accredited programs;
- determine eligibility for participation in programs;
- develop examination and assessment standards;
- develop criteria to award credentials;
- authorize trainers and training institutions to award credentials; and
- fund training and set standards for trainers funded by the authority.

The ITA is working to develop a more clearly industry-led approach to industry training in B.C., with a strong focus on training quality and learner satisfaction levels.

The ITA came into existence in January 2004, and was only partially staffed and operational during the balance of fiscal 2003-04. However, many initial steps were taken to translate its legislative mandate into specific programs and services, which are being rolled-out in 2004-05.

THE ITA'S VISION

British Columbians have affordable access to quality, responsive, integrated, and accountable industry training, which is responsive to current industry needs.

THE ITA'S MISSION

The ITA provides effective governance for B.C.'s industry training system.

The ITA facilitates career opportunities for learners and the timely supply of skilled staff for employers and the labour market by:

- setting standards and providing quality assurance for industry training credentials;
- coordinating industry training requirements across industries, learners and training institutes;
- funding industry training; and
- working with industry and other stakeholders to support the promotion of industry careers.

THE ITA'S VALUES

Quality: Our standards will be clear, measurable and outcomes-based. We will use competitive training sources, while maintaining the highest standards of training.

Skill Development Opportunity: Training will be accessible to British Columbians and we will recognize skills obtained in other jurisdictions. B.C. credentials will be portable throughout the province and other jurisdictions. The system will be flexible, offering multiple paths and timeframes. We recognize the learners' obligation for personal development and life-long learning.

Accountability: We will respond to customer needs and be considerate of other stakeholder inputs. We will answer to the shareholder (government) and the public with integrity and openness. We will be performance-based and meet our shareholder expectations, continuously assessing out training programs to ensure they meet the needs of our customers – employers and learners. We will also operate with fiscal responsibility, using criteria-based decision-making, and achieve positive outcomes from the training dollars invested.

OPERATIONS AND CLIENTS

The ITA will have 10 employees, when full staffing levels are reached, working from an office in Richmond. The ITA contracts with Service B.C. – Government Agents for the operation of the Industry Training Centre (ITC) in Burnaby, where a variety of administrative and service functions are performed (e.g. registrations, examinations, issuance of certificates). During 2004-05, many such services will become locally available at Service B.C. – Government Agents locations throughout B.C.

The ITA serves two primary client or customer groups: i) industry, defined as any employer or group of employers with a need for formally trained workers possessing recognized credentials within the ITA's scope of operation; and ii) learners, defined as individual apprentices or others who participate in industry training with the intention of obtaining credentials.

Trainers (including both publicly funded post-secondary institutions and private trainers) are another group with whom the ITA has an important relationship. This, however, is a supplier relationship, inasmuch as these trainers supply training that meets ITA standards and is responsive to industry and learner needs.

The ITA has also established good working relationships with a number of other stakeholder groups including First Nations organizations, and unions and affiliated organizations.

The ITA's enabling legislation was introduced early in fiscal 2003-04, but the organization became operational only late in the year. Significant milestones during 2003-04 included:

- introduction of the *Industry Training Authority Act* in the Legislative Assembly in April 2003;
- appointment of the nine-person Board of Directors in August 2003;
- appointment of CEO Brian Clewes in December 2003;
- promulgation of the new *Industry Training Authority Act* in January 2004;
- commencement of ITA operations in January 2004, with occupancy of office space in Richmond in February; and
- transfer of assets and contracts from the Ministry of Advanced Education and a shift into full operation for the ITA as of April 1, 2004.

Major focal points during the same time period included:

- recruitment, staffing and office/corporate infrastructure development;
- initial outreach to clients, suppliers and stakeholders;
- ongoing work with the Ministry of Advanced Education to ensure a smooth transition;
- work with various industry associations and interest groups regarding new credential proposals and outstanding credentials-related issues; and
- policy and bylaw development.

The ITA has submitted a three-year service plan (2004-05 – 2006-07) in which it identifies three high-level goals, associated strategies, and performance measures. These goals are consistent with the government's general direction and with the principles of efficiency, effectiveness, consumer choice and customer service. The goals are defined as follows:

An Effective Industry Training System: accessible, affordable and relevant

Ensure Quality Industry Training: innovative, flexible and high-quality training that provides learners with the skills and knowledge to secure jobs in the workforce and address critical shortages in the labour market

Responsive, Efficient and Accountable Management: management processes that respond to customer needs and are efficient and fiscally responsible

Activities carried out and initiated by the ITA during fiscal 2003-04 have laid a foundation for the effective pursuit of these goals during 2004-05 and beyond.

These activities largely related to infrastructure development and other aspects of the initial operationalization of the organization. As such, they are not reported in association with a specific goal, but are generally of relevance to all three goals. No specific performance targets were in place for the ITA for fiscal 2003-04.

Recruitment and Infrastructure Development

- Nine of a total of ten staff positions were successfully filled by the end of fiscal 2003-04, with recruitment remaining underway for a Director of Policy.
- Accounting, payroll, IT and other elements of core office infrastructure have been put in place.
- A contract was entered into with Service B.C. – Government Agents for the operation of the Industry Training Centre in Burnaby (providing industry-training related administrative services to apprentices and others) and for local service provision at locations throughout B.C.

Initial Outreach

- CEO Brian Clewes engaged in an extensive program of outreach to key stakeholder groups, in an effort to establish initial awareness of the ITA and its mandate.
- Targeted organizations have included sectoral associations and other employer/industry groups, colleges and private trainers, and career counselors and others within the secondary school system.

- Outreach has included a range of one-on-one meetings, speaking opportunities, and event participation.
- Preliminary development of the ITA web site has also been undertaken.

Transition from Ministry of Advanced Education

- ITA staff worked closely with staff within the Ministry of Advanced Education to ensure an effective understanding of the ITA's financial circumstances and to facilitate a smooth transfer of assets, contracts and operational accountability.
- Public and private trainers were, in turn, informed of funding allocations for fiscal 2004-05. Discussions were initiated on the accountability framework for performance in 2004-05 and beyond. Trainers are aware that training contracts beyond fiscal 2004-05 will be awarded on the basis of yet-to-be finalized performance criteria.
- Additionally – given a surplus existing at the end of 2003-04 – the ITA was able to provide one-time funding of $882,000 to 11 training institutions. This was used to help eliminate existing wait lists by providing additional technical training spaces for more than 600 apprentices in 44 different programs.

New Proposals and Outstanding Credentials Issues

- The ITA has engaged intensively with industry groups that are in the advanced stages of developing proposals for new credentials, in the interests of quickly moving appropriate proposals through to review and possible approval.
- The ITA has also established dialogue with industry groups and other stakeholders with interests in initiated but not fully implemented credentials, and has worked to address interim policy needs in other areas.

New Policies and Bylaws

- Work was initiated in early 2004 on several key policies and bylaws relating to: recognized and accredited programs, criteria for new training programs and credentials, and funding criteria. These policies are being made available on the new ITA web site.

FINANCIAL REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Because the ITA is a new organization – having been operative only during the last three months of fiscal 2003-04 – no historic or comparative financial information is available. The financial statements presented here have been prepared in accordance with Canadian generally accepted accounting principles.

The ITA had revenues during 2003-04 of $20,817,451, consisting primarily of contributions from the province.

The ITA had expenses during 2003-04 of $18,940,298. Program funding accounted for $18,145,175 of these expenditures and operating expenses accounted for $795,123. The ITA remained within budget allocations for all activities undertaken during 2003-04.

The ITA operates within a business and policy environment that will increasingly be shaped by its mandate to effect significant change within B.C.'s industry training system. This has and will continue to entail changes in the way different stakeholders interface with the system.

As a new organization, the ITA faces the challenge of establishing profile and awareness of its existence, and of clearly communicating current opportunities and expectations regarding stakeholder engagement. The ITA's success in meeting these challenges will have a significant bearing on financial and other aspects of its performance in fiscal 2004-05 and beyond – including performance targets relating to rates of participation in the industry training system.

ACCOUNTABILITY STATEMENT

The 2003/04 Industry Training Authority Annual Report was prepared under our direction in accordance with the *Budget Transparency and Accountability Act*. We are accountable for the contents of the report, including reported results. All significant decisions, events and identified risks, as of March 31, 2004 have been considered in preparing the report.

BEV BRISCOE, CHAIR

BRIAN CLEWES, CEO

REPORT OF MANAGEMENT RESPONSIBILITY

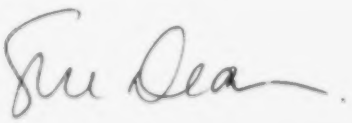
The financial statements of the Industry Training Authority, for the year ended March 31, 2004, have been prepared by management in accordance with Canadian generally accepted accounting principles. These financial statements present fairly the financial position of the Industry Training Authority as of March 31, 2004.

Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records provide reliable information for the preparation of financial statements.

The Board of Directors carries out its responsibility for the review of the financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Board.

The Auditor General of British Columbia has performed an independent audit of the financial statements of the Industry Training Authority. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the Industry Training Authority.

BRIAN CLEWES, CEO



SUE DEANS, CMA, DIRECTOR
FINANCE AND ADMINISTRATION

Report of the Auditor General of British Columbia

To the Members of the Board of Directors of the Industry Training Authority, and

To the Minister of Advanced Education, Province of British Columbia

I have audited the balance sheet of the *Industry Training Authority* as at March 31, 2004 and the statements of changes in net assets and revenues and expenses for the period from January 2, 2004 to March 31, 2004. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *Industry Training Authority* as at March 31, 2004 and the results of its operations for the period then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Wayne Strelioff, FCA
Auditor General

Victoria, British Columbia
May 7, 2004

FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 2, 2004 TO MARCH 31, 2004

BALANCE SHEET

AS AT MARCH 31, 2004

	MARCH 31, 2004
Assets	
Receivable from Province of British Columbia	$ 3,412,742
Prepaid Expenses	97,896
Capital Assets (Note 3)	312,383
	$ 3,823,021
Liabilities	
Accounts Payable and Accrued Liabilities	$ 1,669,064
Deferred Capital Contributions (Note 4)	276,804
Net Assets	
Invested in Capital Assets	35,579
Unrestricted	1,841,574
	$ 3,823,021

The accompanying notes are an integral part of these financial statements.

ON BEHALF OF THE BOARD OF DIRECTORS:

BEV BRISCOE, CHAIR

BRIAN CLEWES, CEO

STATEMENT OF REVENUES AND EXPENSES

FOR THE PERIOD FROM JANUARY 2, 2004 TO MARCH 31, 2004

Revenues		
Contributions from the Province (Note 7)	$	20,748,798
Examinations and Permit Fees		50,255
Amortization of Deferred Capital Contributions		18,398
		20,817,451
Expenses		
Contributions to Training Programs		17,949,670
Assessment and Examination Costs		195,505
Salaries and Benefits		103,335
Building Occupancy Charges (Note 7)		61,302
General Office and Business Expenses		56,766
Information Systems Operating Costs		55,228
Travel		26,341
Professional Services		281,140
Printing, Publications and Marketing		5,275
Secondary School Scholarships		114,500
Board Fees and Expenses		71,421
Depreciation		19,815
		18,940,298
Excess of Revenues over Expenses For the Period	$	1,877,153

STATEMENT OF CHANGES IN NET ASSETS

FOR THE PERIOD FROM JANUARY 2, 2004 TO MARCH 31, 2004

	INVESTED IN CAPITAL ASSETS	UNRESTRICTED	TOTAL
Excess of Revenues over Expenses	$ –	$ 1,877,153	$ 1,877,153
Capital Assets Purchased from Unrestricted Funds:			
Cost	36,996	(36,996)	–
Depreciation	(1,417)	1,417	–
Balance, End of Period	$ 35,579	$ 1,841,574	$ 1,877,153

The accompanying notes are an integral part of these financial statements.

Note 1 – The Authority

The Industry Training Authority (the Authority) was established on January 2, 2004 as a corporation and an agent of the Provincial government under the *Industry Training Authority Act*. Its board of directors consists of nine members appointed by the provincial government.

The Authority is mandated to regulate, expand and improve British Columbia's industry training system. The Authority works to better align training and credentials with industry needs, to provide more flexibility for people pursuing training, and to meet the province's skilled labour needs now and in the future.

The Authority receives substantially all its funding from the Province of British Columbia.

On the commencement of its operations, the Authority assumed commitments of $2,434,736 with respect to contracts for training and related programs by various service providers.

Note 2 – Significant Accounting Policies

(a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Authority has not prepared a statement of cash flows as cash flow information is readily apparent from the other financial statements.

(b) Revenues and Expenses

The Authority follows the deferral method of accounting for contributions. Operating contributions from the Province are recognized as revenue in the period when they become receivable. Capital or other restricted funding is deferred and recognized as revenue in the period in which the related expenses are incurred.

Contributions payable to colleges, training institutions and other service providers for training programs are recognized as expenses in the period in which the transactions and events giving rise to the contributions have occurred.

(c) Capital Assets

Capital assets are recorded at cost and are depreciated on a straight-line basis over their estimated useful life:

- PC Hardware and Software – 3 years
- Computer Mainframe Software – 5 years

(d) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Note 3 – Capital Assets

	MARCH 31, 2004		
	Cost	Accumulated Depreciation	Net Book Value
PC Hardware and Software	$ 36,996	$ 1,417	$ 35,579
Computer Mainframe Software	295,202	18,398	276,804
	$ 332,198	$ 19,815	$ 312,383

On January 2, 2004, the Industry Training and Apprenticeship Commission transferred to the Authority computer mainframe software recorded in the Commission's books at $295,202.

Note 4 – Deferred Capital Contributions

Changes in Deferred Capital Contributions are as follows:

Balance, beginning of period	$ –
Contributions received during the period	295,202
Amount amortized to revenue	(18,398)
Balance, end of period	$ 276,804

Note 5 – Employee Benefit Plans

The Authority pays 100% of premiums relating to a comprehensive benefits plan for its employees. The plan includes extended medical, dental, life insurance and long term disability coverage. The Long Term Disability component is a taxable benefit for the employees.

The Authority, through quarterly payments to individual employees based on their salaries, provides contributions for the employees' personal pension plans. It is the responsibility of the employee to direct the payments into their plans. The quarterly payments by the Authority to the employees totaled $9,081.

Note 6 – Commitments

The future minimum lease obligations under operating leases of the Authority are:

2005	$ 99,553
2006	101,298
2007	103,046
2008	104,798
2009	83,851
Total	$ 492,546

The lease obligations are to BCBC for premises and to Canon for office equipment.

Note 7 – Related Party Transactions

(a) The Authority received operating contributions of $20,748,798 from the Ministry of Advanced Education. The Authority used these revenues to make contributions to industry training authority programs at colleges and training schools in British Columbia, and to fund the operations of the Authority.

(b) The Authority has contracted with the Government Agents Branch to deliver services for apprentices throughout BC. The Authority has a three year contract ending March 31, 2007 with the Government Agents Branch. The yearly value of the contract is $1,673,584.

(c) All office facilities are leased through the British Columbia Buildings Corporation. Total lease payments for the period ended March 31, 2004 were $61,302.

(d) The Ministry of Finance provides data processing services to the Authority. Total data processing costs for the period ended March 31, 2004 were $3,969.

Note 8 – Donated Services

Services for finance and administration, human resources, information management, freedom of information and protection of privacy and communication are provided to the Authority by other ministries. These amounts are not readily quantifiable, so their value has not been included in the financial statements.

CORPORATE GOVERNANCE

The ITA's governance relationships and accountabilities to its shareholder (the Government and Legislative Assembly) are contained in the following legislation: the *Industry Training Authority Act*, the *Budget Transparency and Accountability Act*, the *Financial Information Act* and the *Financial Administration Act*. The ITA is held accountable to its shareholder through its minister responsible, the Minister of Advanced Education, and with reference to a Shareholder's Letter of Expectations.

A nine-member board of independent directors, appointed by the Lieutenant Governor in Council, guides the ITA in fulfilling its mandate. The Board establishes policy and strategic direction for implementation by the ITA staff, and monitors performance relative to goals and strategies. The directors are drawn from diverse sectoral backgrounds, and have a range of industry and training-related expertise. The appointment of the current board was announced in August 2003. The ITA board has established standing committees with responsibility for Finance, Human Resources, and Standards (review and approval of training programs and credentials).

The ITA staff are:

Brian Clewes	Chief Executive Officer
Geoff Stevens	Vice President, Operations
Sue Deans, CMA	Director, Finance and Administration
Sandy Steward	Director, Client Interests
Kevin Hanson	Director, Communications
Brendon Farrell	Manager, Operations
Leanne Kett	Accounting Administrator
Laura Exley	Executive Assistant to the CEO
Patricia Schwab	Senior Administrative Assistant

The ITA directors are:

- Bev Briscoe, Chair
- Cliff Anderson
- Campbell Black
- Rod Goy
- Barry Marsden
- Barbara Naef
- Frank Pasacreta
- Gord Stewart
- Jim Utley

- Standards Committee
- Finance Committee

Human Resources and Governance Committee

GLOSSARY

Accredited Programs – Training programs that have been designated by the minister through regulation under the *Industry Training Authority Act*, and which lead to national (Red Seal) credentials.

Credential – A formal document issued by the ITA and/or its designates that attests to the fact that an individual has met the competency requirements of a recognized or accredited training program.

Learners – An apprentice or a participant in other ITA-funded training programs, such as Entry Level Trades Training programs.

Recognized Programs – Training programs that have been approved by the ITA Board of Directors by way of by-law and which lead to provincial credentials.

Trainers/Training Institutions – Private organizations, and public secondary and post-secondary institutions that provide training services funded by the ITA.

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